

**The remarks of Michael Fitzgerald, Business Manager I.B.E.W.
Local #134 before the U.S. House of Representatives
Committee on Commerce, Subcommittee on Energy and Power
in Chicago, Illinois on May 2, 1997.**

Good morning Mister Chairman, I'd like to thank you for inviting me to speak on the issue of electric utility deregulation and welcome you, and the distinguished members of the Committee on Commerce, to Chicago, home of the World Champion Chicago Bulls.

My name is Mike Fitzgerald. I am an electrician by trade and an attorney by training. I currently hold the position of Business Manager of Local Union #134 of the International Brotherhood of Electrical Workers. The jurisdiction of Local #134 is Cook County, Illinois. I sit before you today as the representative of 3,000 retired and 17,000 active members engaged in electrical construction, maintenance and manufacturing. For the record, Local #134 represents no one employed in the electrical utility industry.

I know the Energy and Power Subcommittee is considering legislation that will give electric energy consumers the right to choose their power supplier. I hold some strong opinions and deep reservations on the subject of deregulation. I am confident the committee will hear, before its work is complete, from a parade of

experts on the subject of electric utility deregulation. I am here today to make sure the committee hears from at least one expert on the what it takes to pay a mortgage, send a child to college and save for a decent retirement.

I approach the subject of electric utility deregulation from the point of view of my membership, middle class, working people. We, quite frankly, are skeptical. Will we truly benefit from electric utility deregulation or are our checkbooks and light bulbs the object of the latest takeover fad? Is this really an opportunity to save a little money or just another vehicle for the barons of Wall Street and the speculators on LaSalle street to transfer the hard earned wealth of middle America into their private bank accounts? My concerns are not those of a radical, but a realist.

I don't know if any of the Members of Congress, here today, were involved in the "deregulation" of the Savings and Loan Industry a decade ago, but that was a prime example of the cause of our fear and apprehension over electric utility deregulation. If memory serves, the financial wizards saw an "opportunity" in the Savings and Loan Industry and convinced the Congress to remove the "regulatory restrictions". The move was heralded, like electric utility deregulation, as a great day for consumers. The pinstriped vultures picked the S&L's clean and the

American taxpayers were left with the carcass, the bill and another finger pointing scandal-gate. I have to ask, what lessons have we learned?

Electric utility deregulation has promised substantial savings over current electric bills. Working people are quite familiar with promises of big savings and generally expect big savings to cost them more in the long run. When the academicians build the economic models that forecast savings, I hope they factor for the inevitable decrease in quality and reliability deregulation is guaranteed to bring. When your son or daughter's two thousand dollar computer, or your new thousand dollar high definition television set, or your family's refrigerator with five hundred dollars worth of groceries is destroyed in an instant by a power surge or a brown out, your ten dollar a month savings won't seem like much. I've seen first hand the destruction electricity can cause to electrical motors and sensitive electronics. It's a very real problem and possibility which, I fear, is being glossed over.

The working people I represent also pay a lion's share of the taxes which support state and local governments. Speaking locally, our electric utility, Commonwealth Edison, is a major direct and indirect source of tax revenue for Chicago and Cook County. Almost every unit of local government receives electric power for

municipal buildings, parks and play grounds at no charge. This, in turn, reduces operating budgets, the tax levy and ultimately the tax burden on working families. Unlike Commonwealth Edison, an Illinois company, utilities based in other states, Canada or Mexico would pay no income tax to the state of Illinois. Any economic model that does not accurately account for the loss of income, payroll and property taxes now contributed by Commonwealth Edison to our state and local governments is merely a continuation of the myth of savings. Working people know if a hole is blown in a government's budget the taxpayers will, sooner or later, shoulder the difference. If we spend our electric utility savings on higher taxes, what have we really saved.

My final observation on the subject of deregulation lends itself to my deep concern over our country's increasing vulnerability to foreign influence and control of our national economy. In the flood of information pouring out of both sides in the debate over electric utility deregulation, no one has mentioned the potential danger of consolidating the ownership of electrical power. As a regulated industry, each utility was responsible for the long range planning of electrical demand. Who will assume that critical responsibility in a deregulated electric utility industry and where are the safe guards against foreign ownership. I can see no quicker or slicker way to cripple the industrial or technological output of the

American economy, or to negatively affect the quality of life of every American than to purposely and methodically underestimate the future demand for electricity. The problem once recognized would take years to correct, and where would the capital come from, foreign owners? I'm old enough to remember waiting in line for gasoline in the mid-seventies. I wouldn't want to be waiting to turn on my lights in my mid-seventies.

I am not opposed to electric utility deregulation. I am opposed to hasty, ill-conceived electric utility deregulation. I implore the members of this committee, as you return to Washington and deliberate this issue, to go slow. Do it right, and remember, when the Congress rolls the dice it's middle class America whose chips are on the table. Thank you.